

COMMONWEALTH OF VIRGINIA

**VIRGINIA ELECTRIC UTILITY RESTRUCTURING ACT
PRESENTATION TO THE LEGISLATIVE TRANSITION TASK FORCE**

**ROLE OF THE STATE CORPORATION COMMISSION IN
SITING NEW GENERATION FACILITIES IN THE
COMMONWEALTH**

**VIRGINIA STATE CORPORATION COMMISSION
DIVISION OF ENERGY REGULATION**

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October 16, 2001

CONTROLLING STATUTES – OLD REGIME

-§ 56-265.2

...may permit the construction and operation of electrical generating facilities, which shall not be included in the rate base of any regulated utility whose rates are established pursuant to Chapter 10 (§ 56-232 et seq.) of this title, upon a finding that such generating facility and associated facilities including transmission lines and equipment (i) will have no material adverse effect upon the rates paid by customers of any regulated public utility in the Commonwealth; (ii) will have no material adverse effect upon reliability of electric service provided by any such regulated public utility; and (iii) are not otherwise contrary to the public interest.

... the Commission shall give consideration to the effect of the facility and associated facilities, including transmission lines and equipment, on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1.

-§ 56-46.1

- A. Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. In such proceedings it shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted pursuant to Article 3 (§ 15.2-2223 et seq.) of Chapter 22 of Title 15.2.

-§ 56-234.3

Approval of expenditures for and monitoring of new generation facilities and projected operation programs of electric utilities.

Consistent with § 56-235.3, any public utility, electric or otherwise, seeking to pass through the cost of any capital project to its customers, shall have the burden of proving that such cost was incurred through reasonable, proper and efficient practices, and to the extent that such public utility fails to bear such burden of proof, such costs shall not be passed on to its customers in its rate base.

SCC PROCEEDING (Case No. PUE010313)

-June 12, 2001 SCC established a proceeding to “establish new filing requirements for entities seeking to construct and operate generating facilities in Virginia”

-SCC noted significant changes in Virginia electric utility industry since last “IPP” filing requirements were set in 1990.

-SCC noted significant changes to statutes that govern SCC’s granting of “CPCNs” for new generating facilities.

-SCC Order of August 3, 2001 resolved legal issues surrounding applicable statutes that should govern new filing requirements for new generation.

CONTROLLING STATUTES-NEW REGIME

-§ 56-577 (3)

Schedule for transition to retail competition; Commission authority.

3. On and after January 1, 2002, the generation of electric energy shall no longer be subject to regulation under this title, except as specified in this chapter.

-§ 56-580 D

The Commission may permit the construction and operation of electrical generating facilities upon a finding that such generating facility and associated facilities including transmission lines and equipment (i) will have no material adverse effect upon reliability of electric service provided by any regulated public utility and (ii) are not otherwise contrary to the public interest. In review of its petition for a certificate to construct and operate a generating facility described in this subsection, the Commission shall give consideration to the effect of the facility and associated facilities, including transmission lines and equipment, on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1.

-§ 56-46.1 - Unchanged

-§ 56-596

Advancing competition.

A. In all relevant proceedings pursuant to this Act, the Commission shall take into consideration, among other things, the goals of advancement of competition and economic development in the Commonwealth.

Staff's Proposed Information Requirements

-Subject of Current Proceeding

-Proposed Rules speak to:

Applicant's technical and financial fitness

Environmental Impact

Economic Development Impact

Electric System Reliability Impact

Other public interest considerations

-Showing of "Need" is dropped for all Applicants

Issues

-Associated Facilities : Pipeline Laterals

-Jurisdiction/Preemption

-Numerous Applications in process/expected

-Cumulative Environmental Impacts

-Amount of information required in Applications

THE CURRENT SCC PROCESS

- Usually, meeting with Applicant prior to filing.**
- 30 day letter from Applicant to advise that an application is to be filed.**
- Filing submitted, SCC Staff facilitates the submittal of environmental impact information to DEQ and reviewing agencies.**
- Staff, DEQ determine whether application is complete.**
- Order for Notice and Hearing, schedule is set.**
- DEQ reports back to SCC Staff.**

-Testimony, Applicant rebuttal filed.

-Hearings for public witness (sometimes local hearing are held) and the taking of evidence are conducted.

-Briefs submitted.

-Hearing Examiner's Report issued.

Comments on Hearing Examiner's Report.

Commission Order.

CPCN issued or other outcome ordered.

DEQ Role

- DEQ performs a “Coordinated Review” of the proposed project.**
- Such a review includes several state agencies, both inside and outside of DEQ, as well as the host locality.**
- Reviewers often include personnel from Air Quality, Conservation and Recreation, Game and Inland Fisheries, Health, Historic Resources, Mines, Minerals and Energy, Agriculture and Consumer Services, Marine Resources, Transportation, as well as the host county and/or local Planning District Commission.**
- Results of the Review typically include requests that the SCC include specific Conditions on any CPCN that may be issued for the Project.**
- The reviewing agencies also provide information that the Applicant may use to obtain needed environmental permits.**

Summary of New Generation

-Added last 5 years

DVP : 920 MW with another 171 MW under contract

Commonwealth Chesapeake : 300 MW

Wolf Hills Energy, LLC : 250 MW

All Gas-fired combustion turbines

-Under construction

DVP : Possum Point, 540 MW, combined cycle

-Applications pending

Approx. 7,000 MW, gas-fired, mostly combined cycle

-Applications "expected"

Approx. 8,100 MW, mostly gas-fired, (Coal unit :

1600 MW)

New Generation-Time length of Process

-Since 1998 ('*' indicates later supplemental filing)

<u>Applicant</u>	<u>Project</u>	<u>Result</u>	<u>E. Time</u>
Virginia Power	Possum Point CC	Approved	10 mos.
Virginia Power	Ladysmith SCT	Approved	9.5 mos.
Doswell L.P.	Doswell SCT	Approved	4 mos.
Wolf Hills	Bristol SCT	Approved	5 mos.
Virginia Power	Remington SCT	Approved	9 mos.
Tenaska	Fluvanna CC	Pending	1/16/01*
Cincap	Martinsville SCT	Pending	3/27/01*
Tractebel	Loudoun Energy	Pending	3/28/01*
ODEC Louisa	SCT	Pending	5/17/01*
Cogentrix (Henry)	CC	Pending	7/5/01
Kinder Morgan	Brunswick CC	Pending	7/26/01
Mirant Danville	SCT/CC	Pending	8/16/01
Tenaska II	Buckingham	Pending	8/15/01